

MISSOURI DEPARTMENT
OF ECONOMIC DEVELOPMENT

REBUILDING COMMUNITIES TAX CREDIT PROGRAM

APPLICATION AND GUIDELINES

New or Relocating Businesses



Issued April 30, 1999



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This program is also applicable for eligible Existing Businesses, as defined in the statute. The Application and Guidelines for Existing Businesses are under a separate document since the procedures and benefits are different. This document only covers the rules and procedures for New or Relocating Businesses.

A. PROGRAM SUMMARY

- **Program Administrator:** Missouri Department of Economic Development, Incentives Section. Mailing address: 301 W. High Street, P.O. Box 118, Jefferson City, MO 65102. Phone 1-877-618-5857 or 573-751-0717 E-mail: dedfin@mail.state.mo.us. **Note:** *Defined terms are capitalized throughout this document.*
- **Authorization:** Distressed Communities Act, Sections 135.530 to 135.545, RSMo. (HB 1656, 1998).
- **Distressed Areas:** The Act specifies that certain areas having less than 70% of the median income of the state average qualify. See Exhibit A for a list of the 261 entire cities and portions of cities and counties that qualify.
- **Eligible New or Relocating Business:**
 - A **New Business** commencing operations in a Distressed Area; or a **Relocating Business** moving its operations from outside a Distressed Area into a Distressed Area. **Note:** *The Pre-Application must be submitted prior to Commencement of Operations, but less than one year from that date. If the business chooses to use the 40% Specialized Equipment Tax Credit, the costs cannot be incurred prior to DED's receipt of the Pre-Application (Exhibit B).*
 - The New or Relocating Business must be primarily engaged in manufacturing, biomedical, medical devices, scientific research, animal research, computer software design or development, computer programming, telecommunications or a professional firm at the Project Facility.
 - Must have fewer than 100 FTE employees total for all facilities in all locations at the time the Pre-Application is submitted. **Note:** *At any time thereafter, they may exceed 100 FTE employees.*
 - The Eligible Business must have at least 75% of its employees at the Project Facility prior to the submission of an Application (Exhibits C or D; and E), and maintain the 75% test for each year tax credits are requested in the Eligibility Period

- **Program Benefits:** The Eligible Business may choose either the 40% Income Tax Credit or the 40% Specialized Equipment Tax Credit during the Eligibility Period. The 1.5% Employee Tax Credit can be provided if the business is provided either of the 40% credits during the Eligibility Period. During the Eligibility Period, the business may not switch their choice of the 40% credits.
- **40% Tax Credit:** (choice of either the Income Credit or Specialized Equipment credit):
 - ◆ **40% Income Tax Credit:** State income tax credit to the Eligible Business for each of the three tax years after Commencement of Operations at the new project facility based on 40% of state income tax due. The maximum amount of credits per business is **\$125,000** per year for each of the three tax years for which the credit is claimed; OR,
 - ◆ **40% Specialized Equipment Tax Credit:** State income tax credit based on 40% of the amount of funds expended for new Specialized Equipment and Expenses for costs incurred from the time the Pre-Application was received (if it was in the same calendar year of Commencement of Operations), plus the next three calendar years. The maximum amount of credits per business is \$75,000 per year.
- **1.5% Employee Tax Credit:** Qualified Employees may receive a tax credit against state individual income tax equal to **1.5%** of their gross salary (not including benefits) paid at such facility, earned for three years (starting the year after Commencement of Operations). The business must receive one of the 40% credits in order for the 1.5% Employee Tax Credit to be provided.
- **Use of Tax Credits:** The 40% Specialized Equipment tax credit may be used for taxes owed the previous three years and in any of the five tax years thereafter, or may be sold/transferred if desired. The 1.5% Employee Tax Credit may be used only in the tax year the credit was distributed. **Note:** *While the statute indicates that the 40% Income Credit is sellable, it may be applied against the prior three years taxes and/or may be carried forward five years. It is unlikely this will occur since the credit is based on 40% of the amount of annual state income taxes owed in a tax year.*
- **Award of Tax Credits - New or Relocating Businesses:** Eligible Businesses that submit a Pre-Application within the annual \$10 million allocation will be notified that they are an "**Active Project**" for the 3 or 4 year Eligibility Period. Active Projects will be awarded tax credits upon the submission of either Application (Exhibit C or D), if submitted by the appropriate deadlines each year of the Eligibility Period. To submit the application, the business must meet the "75% test". In the event that the total amount of tax credits requested exceed the \$10 million annual limit, approval will be based on the date the Pre-Application was received by DED. **Note:** *New or Relocating Businesses may not have commenced operations in the Distressed Area or incurred costs for Specialized Equipment (if applicable) prior to DED's receipt of the Pre-Application.*
- **"Standby":** Businesses that submitted a Pre-Application after the exhaust of the \$10 million allocation will be notified that they will be placed on "**Standby**". This means that if some of the reserved credits for "Active Projects" become available once the Applications are received, the "Standby" projects will be awarded tax credits based on the date the Pre-Application was received by DED.
- **Application Procedure and Process for Issuance of Tax Credits:** (a) Submit the Pre-Application (Exhibit B) to DED prior to both Commencement of Operations or incurring costs for Specialized Equipment (if applicable); (b) Purchase Specialized Equipment (if applicable) and Commence Operations

at the Project Facility; (c) Meet the 75% test; and (d) Submit the Application (Exhibit C or D, and E) to DED by the appropriate deadlines to request tax credits.

- **Maximum Funding - All Projects:** The total tax credits issued for the two 40% credits and the 1.5% Employee credit is **\$10 million** each calendar year for all New and Relocating Businesses.
- **Collective Bargaining Agreement Restrictions:** A Relocating Business (currently in MO) that relocates into a Distressed Area which has employees covered by a collective bargaining agreement at the existing facility shall not be eligible for the two 40% credits and the 1.5% Employee credit if the relocation violates or terminates a collective bargaining agreement covering employees at the facility, unless the affected collective bargaining unit concurs with the move.
- **EZ, BFC, and Brownfield restrictions:** No taxpayer shall earn Rebuilding Community tax credits **and** Enterprise Zone, Business Facility, or Brownfield tax credits for the same business facility for the same tax period. If a project is eligible for more than one program, the business must choose only one for the entire Eligibility Period. However, the business may use the Rebuilding Communities Tax Credits for the Eligibility Period, and (if eligible) one of the other tax credit programs for the remaining period (which is up to 10 years). Contact a DED Regional Office or www.ecodev.state.mo.us (go to "Business Center", then "Missouri Finance Network") to determine the most applicable programs for a specific project.
- **Multiple Project Facilities by a New or Relocating Business:** A New or Relocating Business may NOT have more than one Project Facility in a Distressed Area during the Eligibility Period since the statute requires at least 75% of all FTE employees be located at the Project Facility. Once the Eligibility Period expires, the business may apply for the 25% Specialized Equipment credit for Existing Businesses in any future year. (The 25% Specialized Equipment Credit is different than the 40% Specialized Equipment Credit, as the amount of the 25% tax credit is based on the incremental increase in purchases of Specialized Equipment in excess of the average purchases of the prior two years.)
- **Assistance:** DED web site: www.ecodev.state.mo.us, go to "Business Center", then "MO Finance Network". The ONLINE Business Program Search query will help to determine which finance and tax credit programs are applicable for your project. DED Regional Offices provide one-on-one technical assistance on DED programs and services. The telephone numbers are: St. Louis (314-340-6823), Kansas City (816-889-2900), Trenton (660-359-5960), Springfield (417-888-4001), Moberly (660-269-8802), Dexter (573-624-9950), Houston (417-967-5770), and Jefferson City (573-751-0482). DED Incentives Section in Jefferson City (573-751-0717) administers the Rebuilding Communities Program and other related tax and financial assistance programs.

B. DEFINITIONS

Throughout this document, definitions are capitalized.

- **Active Project:** An Eligible Business that (a) submitted a Pre-Application to DED; (b) met all eligibility criteria of the program; and (c) was within the first \$10 million in annual requests for tax credits. Active Projects will have tax credits reserved for the entire 3 or 4 year Eligibility Period, as long as the business remains eligible each of those years.
- **Commencement of Operations:** The date that a New or Relocating Business begins producing products or begins to provide services for sale at the Project Facility. This would not include research, product development, or administrative activity that occurs prior to activities designed to produce sales. This date must be consistent with the date of "Commencement of Operations" if the Business Facility or Enterprise Zone tax credit program will be used for the same project.

- **Distressed Areas:** The statute specifies that certain areas below 70% of the statewide median income may be eligible for the program (based on 1990 Census data; see Exhibit A for a list of the cities and block group areas). This list will not change until the 2000 Census has been completed, which likely will be available about 2002. For those areas that are within specific census block groups (that are not an entire city), contact DED at 573-751-0717 to determine whether a project at a specific address is within a Distressed Area. The statutory requirements to qualify as a Distressed Area are as follows:
 - **Metro Areas:** A city within a metropolitan statistical area which has a median household income of under seventy percent of the median household income for the metropolitan statistical area, according to the last decennial census, or the United States Census Block Group or contiguous group of block groups within a metropolitan statistical area which has a population of at least two thousand five hundred, and which has a median household income of under seventy percent of the median household income for the metropolitan area in Missouri, according to the last decennial census.
 - **Non-Metro Area:** A city not in a metropolitan statistical area with a median household income of seventy percent of the median household income for the nonmetropolitan areas in Missouri according to the last decennial census or a Census Block Group or contiguous group of block groups which has a population of at least two thousand five hundred which has a median household income of seventy percent of the median household income for the nonmetropolitan areas of Missouri, according to the last decennial census.
- **Eligible Business:** At the time of the submission of a Pre-Application, the business: (a) must have less than 100 FTE at **all** locations of the business; and (b) and is primarily engaged in one of the following types of businesses:
 - Manufacturing (NAICS code 31 to 33)
 - Biomedical (NAICS code 541710)
 - Medical devices (NAICS code 339111-339116)
 - Scientific research (NAICS code 541710)
 - Animal research (NAICS code 541710)
 - Computer software design or development (NAICS code 541511)
 - Computer programming (NAICS code 541511 and 541491)
 - Telecommunications (NAICS code 5133)
 - A professional firm (limited to the following):
 - ♦ Accountants (NAICS code 541211)
 - ♦ Advertising agencies (NAICS code 541810)
 - ♦ Architects (NAICS code 541310)
 - ♦ Landscape Architects (NAICS code 541320)
 - ♦ Attorneys (NAICS code 541110)
 - ♦ Chiropractors (NAICS code 621310)
 - ♦ Dentists (NAICS code 621210)
 - ♦ Engineers (NAICS code 541330)
 - ♦ Environmental consulting services (NAICS code 54162)
 - ♦ Geologists (NAICS code 541360)
 - ♦ Home health care services (NAICS code 621610)
 - ♦ Insurance companies (NAICS code 524210)
 - ♦ Management consulting services (NAICS code 54161)
 - ♦ Optometrists (NAICS code 621320)

- ♦ Physical, Occupational and Speech Therapists and Audiologists (NAICS code 621340)
- ♦ Physicians (NAICS codes 621111 and 621112)
- ♦ Podiatrists (NAICS code 621391)
- ♦ Psychologists and other mental health practitioners (NAICS code 621330)
- ♦ Public relations agencies (NAICS code 541820)
- ♦ Real estate agents and brokers (NAICS code 531210)
- ♦ Surveyors (NAICS code 541370)
- ♦ Veterinarians (NAICS code 541940)
- ♦ Other miscellaneous health care practitioners, e.g., acupuncturists, dietitians (NAICS code 621399)
- ♦ Other scientific and technical consulting services (NAICS code 54169)

NAICS codes are determined by the Missouri Division of Employment Security, and have replaced the SIC codes.

- "Primarily engaged", as used above, means that at least 51% of the revenues of that facility is from the specified NAICS code. If the Project Facility does not produce revenue, then greater than 50% of the FTE Employees at the facility must be directly involved in the specified NAICS code. If the business is engaged in more than one NAICS code at the Project Facility, two or more NAICS codes may be combined to determine if the 51% requirement has been met.
- At the time of the submission of the Pre-Application, the business must have less than 100 FTE employees at all locations. However, at any time thereafter, the business may exceed 100 FTE employees. Prior to the submission of an Application, the business must meet the "75% Test", and maintain it throughout the Eligibility Period.
- **Eligibility Period:** The time period that an Eligible Business may request tax credits. This period differs for each type of credit, as such:
 - (a) **40% Specialized Equipment Tax Credit:** The year that Commencement of Operations occurred (IF the 75% test was met in that calendar year); plus the three calendar years thereafter, if the 75% test was maintained in those years;
 - (b) **40% Income Tax Credit:** The three tax years of the business **AFTER** Commencement of Operations, if the 75% test was maintained in those years;
 - (c) **1.5% Employee Tax Credit:** The three calendar years **AFTER** Commencement of Operations, if the business was awarded one of the 40% credits in any of those years.
- **FTE (Full Time Equivalent) Employee:** A full-time employee of the Eligible Business that works at least 35 hours a week on a year-around basis. The total hours worked (including paid vacations and sick leave) the **month prior** to the submission of the Pre-application and Application by part-time and seasonal employees should be divided by the number of working hours (8 times the number of working days that month) to determine full-time equivalent positions. The number of FTE Employees are used to determine the requirements of (a) less than 100 FTE Employees at the time of the Pre-Application; and (b) the "75% Test".
- **Incurred (Costs):** The execution of a purchase order, contract, or other such agreement to purchase Specialized Equipment. If such order is not in writing, the date that the order was made with the vendor will constitute an "incurred" cost. Costs for Specialized Equipment may not be incurred prior to DED's receipt of the Pre-Application (Exhibit B).

- **New Business:** An Eligible Business that has no business operations (sales) in any location, and has less than 100 FTE employees at all facilities (in any location) at the time of the submission of the Pre-Application. The "business operations" would not include research, product development, or other such start-up efforts. At the time an Application is submitted, the New Business must have at least 75% of FTE employees located at the Project Facility.
- **Project Facility:** The facility or building in a Distressed Area that an Eligible Business will conduct the new business activity. The Specialized Equipment must be located at the Project Facility. A New or Relocating Business may apply for tax credits for only one Project Facility during the Eligibility Period due to the requirement that at least 75% of FTE Employees must be located in the Project Facility.
- **Qualified Employee:** A full-time, part-time, or seasonal employee of the Eligible Business (whose principal place of employment is the Project Facility) for whom payroll taxes are paid to the State of Missouri. This may include owners, if they are paid a salary by the Eligible Business. This may **not** include contract employees.
- **Relocating Business:** An Eligible Business that (a) has **no** employees in a Distressed Area at the time the Pre-Application is submitted or within **six** months prior to that date; and (b) has less than 100 FTE employees at all facilities (in any location) at the time of the submission of the Pre-Application. At the time an Application is submitted, the Relocating Business must have at least 75% of FTE employees located at the Project Facility. If an Existing Business located in a Distressed Area is purchased by a business outside the area, then relocates all operations into the Distressed Area, it would be considered an Existing Business. However, if the Existing Business that was purchased had ceased operations (including having no employees) prior to one month from the date of the purchase, it would be considered a Relocating Business.
- **Specialized Equipment:** New purchases (incurred after the receipt of the Pre-Application by DED) of computer equipment, medical laboratories and equipment, research laboratory equipment, manufacturing equipment, fiber optic equipment, high speed telecommunications, or wiring (for telephone, Internet, computer networking, or other communications/data purposes).
 - The eligible costs to be applicable for the 40% tax credits would be for costs incurred by the New or Relocating Business after the date the Pre-Application is received by DED, for the year of Commencement of Operations and three years thereafter. The purchases may be for new or used equipment; however, if any transaction is made with a Related Party, its price must be documented in objective, independent manner, such as an appraisal or other methods acceptable to DED. Leased equipment may not be included as an eligible costs for tax credits.
 - The value of Specialized Equipment purchased in a lump sum purchase with other assets must be determined in an objective, independent manner, such as an appraisal or other methods acceptable to DED. The value of existing Specialized Equipment, as part of the buyout of an Existing Business, is not eligible for tax credits.
 - Computer equipment maintenance or software development expenses performed by outside companies (Incurred after the date of DED's receipt of the Pre-Application) are also eligible for tax credits; however, if such costs are incurred by a Related Party, its value must be compared to a quote by a different vendor.

- The Specialized Equipment must be located at the Project Facility. If it is moved out of the Project Facility (unless replaced by a comparable amount) within a period of 3 years from the date the last tax credits are issued, DED may require the tax credits to be repaid or cancelled, if not used. This would not include liquidation of Specialized Equipment collateralized by a lender.
- **75% Test:** The Eligible Business must have at least 75% of all FTE employees located at the Project Facility prior to the submission of an Application to request tax credits, and maintain at least 75% each year during the Eligibility Period to receive tax credits in that year.
 - If a businesses with multiple facilities has employment that fluctuates at various times throughout the calendar year causing the business to temporarily drop below the “75% Test”, the business must be prepared to provide documentation to DED (if requested) that based on month-end employment records, at least 9 of the 12 months in the calendar year met the “75% Test”.
 - If a business that intends to request the 40% Specialized Equipment credit, but did not meet the 75% test in the calendar year of commencement of operations, the amount of any Specialized Equipment incurred and purchased after the date the Pre-Application was received by DED, may be carried forward in the following calendar years during the Eligibility Period. However, the amount of tax credits for the 40% Specialized Equipment credit in any calendar year is limited to \$75,000. In addition, the business must meet the “75% Test” within one year of Commencement of Operations, or lose its eligibility for tax credits completely.

C. PROCEDURE TO APPLY FOR TAX CREDITS

- **Pre-Application:** The purpose of the Pre-Application is to (a) verify program eligibility and (b) to establish the business's "place in line" to reserve tax credits in the event more than \$10 million of tax credits are requested in a calendar year. Prior to both the Commencement of Operations or incurring costs of Specialized Equipment (if applicable), the business must submit the Pre-Application (Exhibit B) to DED. The Pre-Application will expire if Commencement of Operations does not occur within **12 months** after the date of receipt by DED.
- **Application Procedure:** Applications must be submitted by the stated deadlines. The business may choose either the 40% Specialized Equipment Tax Credit for a 4-year Eligibility Period, or the 40% Income Tax Credit for a 3-year Eligibility Period. If the business is awarded either of the 40% credits, they may also request the 1.5% Employee Tax Credit for the 3-year Eligibility Period. The purpose of the Application is (a) to request a specific amount of tax credits; and (b) to complete the verification of program eligibility. The deadlines for the submission of Applications are as follows:
 - Exhibit C - 40% Specialized Equipment Tax Credit Application, prior to **November 30** each year of the 4-year Eligibility Period.
 - Exhibit D - 40% Income Tax Credit Application within **30 days** of the filing of the business's state income tax forms each year of the 3-year Eligibility Period.
 - Exhibit E - 1.5% Employee Tax Credit Application, prior to **March 1** each year of the 3-year Eligibility Period.
- **First-Come Issuance of Tax Credits:** The maximum tax credits that may be issued by DED for all New or Relocating Businesses in one calendar year is \$10 million. In the event the amount of requests exceed this limit, the tax credits will be reserved on a first-come basis based on the receipt of the Pre-Application by DED. **Note:** *New or Relocating Businesses may not have commenced operations in the Distressed*

Area prior to the date the Pre-Application was received by DED. Tax credits shall not be approved for purchases of Specialized Equipment incurred prior to the date the Pre-Application was received by DED.

- **Application Procedure:** The procedure for a New or Relocating Business to apply for either of the 40% tax credits and the 1.5% Employee tax credit is as follows:
 - a. **Submit Pre-Application:** Prior to Commencement of Operations and Incurring costs for Specialized Equipment, the New or Relocating Business must submit the Pre-Application (Exhibit B). The Pre-Application will expire if Commencement of Operations does not occur within one year of the date of the Pre-Application. **Note:** *Commencement of Operations or costs incurred on Specialized Equipment cannot be prior to DED's receipt of Pre-Application, otherwise the project is not eligible to receive tax credits.*
 - b. **Submission of Application:** A New or Relocating Business may select either the 40% Specialized Equipment Tax Credit or the 40% Income Tax Credit. If either of the 40% credits are used, the 1.5 % Employee Tax Credit can be requested.
 - **40% Specialized Equipment Credit:** Prior to November 30 each year of the Eligibility Period, the business would submit Exhibit C - 40% Specialized Equipment Application to DED with a copy of the receipts and proof of payment of the Specialized Equipment. If the business met the "75% Test", DED will issue tax credits based on 40% of the amount of new Specialized Equipment purchased (incurred after DED's receipt of the Pre-Application) in the 4-year Eligibility Period, limited to \$75,000/year. The business may use the tax credits to: (a) amend their prior 3 years of Missouri tax returns and use the credits to offset taxes paid for the prior 3 years. *This may result in a refund of the amount of the credits used on prior taxes;* (b) carry forward any balance of tax credits against Missouri taxes owed for up to the next 5 years; or (c) sell/transfer the balance of unused tax credits to another entity. **Note:** *The sale or refund of tax credits may be subject to federal and state income tax.*
 - **40% Income Credit:** The business would submit Exhibit D-40% Income Credit Application to DED within 30 days of the filing of the prior year's state income tax forms. The business is not eligible in any calendar year that it does not maintain the "75% test". The **amount** of these tax credits will not be known until the business files its income tax return with the Missouri Department of Revenue ("DOR") for that tax year since the amount of tax credits is based on 40% of the amount of state income tax liability, up to \$125,000 per year. As such, upon the filing of the tax return, the amount of tax credits will be automatically calculated by DOR and applied against the business's tax liability. Any balance will be issued in the form of a tax credit certificate to the business.
 - **1.5% Employee Tax Credit:** The tax credits are based on 1.5% of each Qualified Employee's salary (not including benefits) each calendar year for the 3 years after Commencement of Operations, but only if the business receives one of the 40% tax credits. The credits will be issued to the employees upon the submission of Exhibit E-1.5% Employee Tax Credit Application, which will include documentation of the business's payroll.

D. TAX CREDITS

- **Taxes applicable to the Tax Credits:** Missouri state income taxes (personal or corporate in Chapter 143, RSMo, other than withholding taxes in sections 143.191 to 143.265, RSMO); Corporate Franchise taxes in Chapter 147, RSMo; and Financial Institution taxes in Chapter 148, RSMo.
- **Methods to use Tax Credits:** The 40% Income Credit or the 40% Specialized Equipment Credit may be used in any combination of the following:
 - **3 years prior:** Subject to Missouri statutes regarding the time allowed for amending a tax return or requesting a refund, the tax credit may be applied to taxes paid for three years prior to the year which the tax credit is issued. *This refund may have federal and state tax implications. Consult the Internal Revenue Service and/or the Missouri Department of Revenue, or your tax consultant.*
 - **5 years forward:** A holder of the tax credit (original or transferee) may carry forward any unused tax credits for up to 5 tax periods following the tax year the credit is issued.
 - **Sale/Transfer:** All or part of the tax credits may be sold or transferred to any entity upon notification to DED ("Tax Credit Transfer Form"). *The sale of tax credits may have federal and state tax implications. Consult the Internal Revenue Service and/or the Missouri Department of Revenue, or your tax consultant.* Typically, sold tax credits are discounted by 5-10%, depending on several factors. The typical buyers of tax credits are larger MO corporations or wealthy individuals, however, DED does not maintain a listing of possible buyers due to confidentiality purposes. Sellers of tax credits may want to contact the tax departments of larger Missouri companies, accounting firms, or tax attorneys. In addition, there are several firms that are engaged in the brokerage of Missouri tax credits for a fee.
 - **1.5% Employee Tax Credit:** Although the statute indicates this tax credit may be sold/transferred, the likelihood of any balances remaining in an employee's income tax after using the 1.5% credit is low. However, if it does occur, the balance may be sold or transferred by using the "Tax Credit Transfer Form" and submitting it to DED. Unlike the 40% tax credits, the 1.5% Employee Credit may not be carried forward to future years, or may not go back 3 years. Any 1.5% Employee Tax Credit not used in the tax year the credit is provided will expire.
- **Revocation/Cancellation of Tax Credits:** In the event of fraudulent or erroneous information provided to DED by the business (or its representatives) which would have resulted in the determination that the Project was ineligible for tax credits, DED may require unused tax credits to be cancelled (whether transferred or retained by the original recipient) and used tax credits to be repaid by the business and/or employees that received the credits. *In addition, information that was fraudulently submitted may also be prosecuted as a misdemeanor.*

E. PROGRAM BENEFITS

1. **40% Tax Credits:** The business may choose **one** of two 40% tax credits. The business may not switch their choice between the 40% Income Credit, the 40% Specialized Equipment Credit, Enterprise Zone, Business Facility, or Brownfield jobs/investment tax credits during the Eligibility Period. *Note: Generally, a New Business and a smaller Relocating Business will likely use the "Specialized Equipment" credit since most new businesses will not have a significant amount of tax liability for the first 3 years. A larger Relocating Business will likely use either the 40% Income Credit, the Enterprise Zone, Business Facility, or Brownfield tax credits (depending on eligibility) if*

the business projects to have a significant amount of tax liability, since the maximum amount is higher than the 40% Specialized Equipment tax credit.

- **40% Income Credit:** State income tax credit to the business for each of the three tax years after Commencement of Operations at the new project location based on 40% of state income taxes due. The maximum amount of credits per business is **\$125,000/year** for each of the three years (after the year of Commencement of Operations) for which the credit is claimed. In the event of a balance of credits earned beyond \$125,000 in a tax year, this amount cannot be carried over to the next tax year. *Note: This tax credit is based on 40% of the actual amount of state income tax liability. Even though the statute provides that these tax credits are sellable, in reality, it is unlikely they won't be sold **unless** the business has other state tax credits to offset the business's income liability.*
 - ❖ The business may not submit Exhibit D - 40% Income Tax Credit Application to request credits in any year that the company did not maintain the "75% Test".
- **40% Specialized Equipment Credit:** State income tax credit based on 40% of the amount of funds expended for Specialized Equipment and Expenses (up to **\$75,000** of tax credits issued per year per business). The credit may be requested for the year of Commencement of Operations and the next three calendar years. The Specialized Equipment must be located at the Project Facility. The Exhibit C-40% Specialized Equipment Tax Credit Application must be submitted by November 30; however, the business must have: (a) Commenced Operations at the Project Facility; (b) paid for the Specialized Equipment and (c) met the "75% Test", prior to the submission of the Application.
 - ❖ **Example A:** The Pre-Application was received by DED on August 1, 1999. Commencement of Operations is July 1, 2000 (less than 12 months after the date of the Pre-Application), and the business met the 75% test on December 1, 2000. On January 20, 2000, the business purchased \$100,000 of Specialized Equipment; therefore, in 2000, the tax credits would be **\$40,000**. In 2001, the business purchased \$200,000 in additional Specialized Equipment, therefore, the tax credits for 2001 would be \$75,000 ($\$200,000 \times 40\% = \$80,000$, however, the annual limit is **\$75,000**). The remaining balance of \$5,000 in credits can be carried to the next year.) In 2002, the business purchased \$50,000 in additional Specialized Equipment, therefore, the tax credits in 2002 would be \$20,000 plus the \$5,000 carried from the prior year for a total of **\$25,000** for 2002. In 2003, the business purchased \$30,000 in Specialized Equipment, therefore the tax credits would be **\$12,000**. Total tax credits over this period would total **\$152,000**.
 - ❖ **Example B:** A Pre-Application was received on June 1, 2000. Commencement of Operations is July 1, 2000, and the business met the 75% test (greater than 75% of employees of the company were located at the Project Facility) on December 15, 2000. The business purchased \$800,000 of Specialized Equipment in October 2000. The amount of tax credits would be $\$800,000 \times 40\%$, or \$320,000; however, they are limited to \$75,000/year for 4 years. In 2000, they could receive **\$75,000** in tax credits; **\$75,000** in 2001, **\$75,000** in 2002 and **\$75,000** in 2003 for a total of **\$300,000** in tax credits.
 - ❖ **Example C:** A Pre-Application was received on June 1, 1999. Commencement of Operations is July 1, 2000 (which is less than 12 months from the date of the Pre-Application), and the business met the 75% test on June 1, 2001 (which is less than 12 months from Commencement of Operations). The business purchased \$500,000 of Specialized Equipment on May 1, 2000; \$100,000 in Year 2001, \$50,000 in Year 2002; and \$200,000 in Year 2003 for a total of \$950,000 in the Eligibility Period. The company did not meet the 75% test in Year 2000, but did meet the 75% test prior to one year from commencement of operations. In 2001, the business could request **\$75,000** in tax credits based on the cumulative purchases of \$600,000 since the Pre-Application had been filed, which is in excess of \$187,500 ($\$75,000$ divided by 40%). The balance (\$600,000 purchased in

2000 and 2001 less \$187,500) would be \$412,000, which could be applicable for **\$75,000** credits in 2002 **\$75,000** in 2003. Therefore, the four-year total would be **\$225,000** in tax credits.

2. **1.5% Employee Tax Credit:** Qualified Employees of a New or Relocating Business may receive a tax credit against state individual income tax equal to **1.5%** of their gross salary (not including benefits) paid at the Project Facility for each of the three years after the year of Commencement of Operations if the business receives one of the 40% tax credits in each of the three years. The tax credits may also be applicable to employee-owners that work full-time at the Project Facility. *NOTE: This tax credit is provided to the employees, not the business.*
3. **State Enterprise Zone Tax Credits:** If the project is located in a state Enterprise Zone ("EZ") and qualifies for the program, the company should evaluate whether the Enterprise Zone credits (Section 135.250, RSMo) or the Rebuilding Community (RC) program is more advantageous. *(Note: If the company elects to use the RC program credits for the 3 or 4 year Eligibility Period, they may then use the EZ for the remainder of the EZ term. The same situation would apply for projects that qualify for the Business Facility (BF) tax credit program (Section 135.100, RSMo), except a company can defer the start of the BF credits for 2 years from the date of Commencement of Operations. If the business plans to use either the BF or EZ program, the business must file a "Letter of Intent" form to DED at least 15 days prior to the Commencement of Operations. This form is available on DED's web site, www.ecodev.state.mo.us; click on "Business Center", then "MO Finance Network".*
4. **Sale of Tax Credits:** The sale of tax credits may require the seller to pay federal and state income taxes on the amount of proceeds realized by the seller on the sale of tax credits.

Calculation of Tax Credits

Example 1

Situation: A legal firm currently has 10 FTE employees outside a Distressed Area, plans to relocate 5 of the 10 FTE employees to a Distressed Area, and commence operations on June 1, 1999. (A Pre-Application was received by DED on May 1, 1999). They project to add 10 FTE employees on July 1, 1999 and an additional 20 starting on November 1, 1999. On November 1, 1999, they project to have 40 total employees, of which 35 of the 40 (88%) are located at the Project Facility, therefore it would then exceeds the minimum of 75% and qualify as an Eligible Project for year 1999. In year 2000, they project to add 10 more employees, and in year 2001, they project to add 15 additional employees.

Example 1: 40% Income Credit calculation:

The firm had \$30,000 in state income tax liability in calendar year 1999, \$200,000 in 2000, \$400,000 in 2001, and \$500,000 in 2002.

(Year 1999): \$30,000 income tax liability. *(Credits are not taken in this year).*

(Year 2000): \$200,000 tax liability x 40% = **\$80,000** in tax credits.

(Year 2001): \$400,000 tax liability x 40% = \$160,000; however, the annual limit of tax credits is **\$125,000**.

(Year 2002): \$500,000 tax liability x 40% = \$200,000; however, the annual limit of tax credits is **\$125,000**.

Summary - 40% Income Credit: *The three-year period to request tax credits is years 2000-2002 since Commencement of Operations was in year 1999. Therefore, the total 40% Income Credit for the three-year period was \$330,000.*

Example 1: 40% Specialized Equipment Credit calculation:

The firm purchased \$100,000 in Specialized Equipment in calendar year 1999 (which was after the date of the submission of the Pre-Application); \$200,000 in additional Specialized Equipment in year 2000; \$50,000 more in year 2001, and \$100,000 in year 2002.

(Year 1999): \$100,000 purchases x 40% = **\$40,000** in tax credits.

(Year 2000): \$200,000 purchases x 40% = \$80,000; however, the annual limit is **\$75,000** in tax credits. \$5,000 in credits would be carried to Year 2001.

(Year 2001): \$50,000 purchases x 40% = \$20,000 in tax credits, plus \$5,000 carried from Year 2000 for a total of **\$25,000**.

(Year 2002): \$100,000 purchases x 40% = **\$40,000** in tax credits.

Summary - 40% Specialized Equipment Credit: *Total of **\$180,000** in 40% Specialized Equipment tax credits for the four-year period.*

Choice of 40% credits: *In this example, the business would likely choose the 40% Income Credit since it is projected to be more than the 40% Specialized Equipment credit.*

Example 1: 1.5% Employee Tax Credit calculation

In year 1999, the business projects to have 35 employees located at the Project Facility. In year 2000, they project to add 10 more employees, and in year 2001, they project to add 15 additional employees. The average salary of the employees of the firm is projected to be \$50,000/year. *The business must use the three years after Commencement of Operations.*

(Year 1999): 35 employees. *(Credits do not start in the year of Commencement of Operations.)*

(Year 2000): 45 employees, average of \$50,000 = \$2,250,000 payroll x 1.5% = **\$33,750** in tax credits.

(Year 2001): 60 employees, average of \$50,000 = \$3,000,000 payroll x 1.5% = **\$45,000** in tax credits.

(Year 2002): 60 employees, average of \$50,000 = \$3,000,000 payroll x 1.5% = **\$45,000** in tax credits.

Summary - Employee Credit: *Total tax credits for 2000 to 2002 would be **\$123,750**.*

Total Tax Credits - Example 1:

- **Option 1: 40% Income Credit** (\$330,000) plus Employee Credit (\$123,750) for Years 2000 to 2002 = **\$453,750**.

- **Option 2: 40% Specialized Equipment Credit** (\$180,000) plus Employee Credit (\$123,750) for Years 1999 to 2002 = **\$303,750**.

A. APPLICATION SUBMISSION

1. **Submission of Pre-Application:** The business must submit a Pre-Application to DED prior to both the date of Commencement of Operations or the purchase of Specialized Equipment. However, if the Pre-Application is submitted more than **one year** prior to the Commencement of Operations, the business must submit another Pre-Application and qualify as of that date. If the location of the Project Facility changes or the type of business has changed from the time the Pre-Application was submitted to the Commencement of Operations, a new Pre-Application must be submitted.
2. **Submission of Application:** To request the tax credits, the business must submit an Application to DED according to the following:
 - **40% Specialized Equipment credit: Submit** Exhibit C prior to November 30 each year of the Eligibility Period.
 - **40% Income Credit:** Submit Exhibit D Application prior to 30 days from the date the business files its state income tax forms.
 - **1.5% Employee Credit:** Submit Exhibit E Application prior to each March 1 of the year following one of the three years in the Eligibility Period.
3. **Issuance Basis:** The tax credits are issued on a first-come basis in the order of DED's receipt of the Pre-Application until the \$10 million annual limit has been exhausted. If a new Pre-Application has to be submitted by the business (see #1 above), the business's "place in line" for the \$10 million annual limit is based on the most recent Pre-Application date.
4. **Forms:** The business must use the Pre-Application and Application forms in this document (or DED's Internet site) for the Rebuilding Communities tax credits. The Pre-Application or Application forms may be mailed, faxed or e-mailed. If faxed or e-mailed, a signed form must follow within 10 working days. Applicants may telephone DED at 573-751-0717 to verify receipt. A Pre-Application and Application form may be obtained at www.ecodev.state.mo.us (click on "Business Center", then "Missouri Finance Network"). The Pre-Application and Applications may be submitted to the following address:
 - Mailing Address:
Missouri Department of Economic Development
Incentives Section
301 W. High Street
P.O. Box 118
Jefferson City, MO 65102-0118
 - Telephone: 573-751-0717; Fax: 573-751-7385
 - E-mail: dedfin@mail.state.mo.us
 - Web Site: www.ecodev.state.mo.us; go to "Business Center", then "MO Finance Network".

G. MISCELLANEOUS

1. **Clawbacks:** Section 620.017 says the following:

The Department of Economic Development shall require that any contract or agreement with any party which provides grants, loans, other financial assistance or services, to which a monetary value can be assigned, to such party through a program administered by the department of economic development shall specify that such party shall use the proceeds of any such grant, loan, other financial assistance or the benefits of any services solely as required by that program through which the loan, grant, financial assistance or service is provided. In addition, such a contract or agreement shall require that any recipient which uses the proceeds or services for any other purpose or fails to comply with any requirement established by the program through which the loan, grant, financial assistance or service is provided shall return any remaining proceeds to the department and shall also require that any proceeds expended or the value of any services received by the party shall be repaid to the department as required by the contract.

2. Closed Records: Section 620.014 says the following:

Records and documents submitted to the Department of Economic Development, to the Missouri Economic Development, Export and Infrastructure Board, or to a Regional Planning Commission formed pursuant to chapter 251, RSMo, relating to financial investments in a business, or sales projections or other business plan information which may endanger the competitiveness of a business, or records and documents submitted to the Department of Economic Development, or to a Regional Planning Commission formed pursuant to Chapter 251, RSMo, relating to tax credits except for the amount and recipient of any tax credits that are awarded may be deemed a "closed record" as such term is defined in Section 610.010, RSMo.

B. FREQUENTLY ASKED QUESTIONS

1. Q: Business A is located in a Distressed Area, and will be purchased by Business B (which is **not** in a Distressed Area). Business B will relocate all operations to Business A's former facility. Does this qualify as a Relocating Business or an Existing Business?

A: If Business A were still in operations at the time of the purchase, it would be an Existing Business. If Business A had ceased operations (including having no employees) more than one month prior to the time of the purchase, it would be considered a Relocated Business.

2. Q: Does the 100 job maximum includes all employees of the business, no matter where they are located?

A: Yes. However, if the business exceeds 100 jobs after the date the Pre-Application is filed, it can be eligible.

3. Q: Can a business "pre-sell" Specialized Equipment tax credits that it will earn in future years (due to purchases in prior years that exceeded the amount of the annual limit per business)? (Note: "Pre-sell" means that the business has assigned future tax credits anticipated to be issued to another party in return for a negotiated sum.)

A: Yes, however, there are some considerations. Each year of the Eligibility Period, the business must document that it is an Eligible Business. This means that it must meet the 75% test, and be an eligible type of business.

4. Q: Can a business change its mind on the choice between one of the 40% Rebuilding Community tax credits, Enterprise zone, Business Facility, or Brownfield tax credits in any year of the Eligibility Period?

A: No. Once the business has made a selection (by the submission of a Pre-Application), it cannot change in the Eligibility Period.

5. Q: Can an employee assign the 1.5% tax credits to the business?
- A: *There is no restriction on the sale or assignment of tax credits. Any of the tax credits can be transferred to another party with no consideration, if so desired. There is a procedure for the sale of the tax credits described in the guidelines.*
6. Q: What if another company purchases the business during the Eligibility Period?
- A: *As long as it is still an Eligible Business, there would be no problem. However, remember that the 75% test is applicable to all employees of the business.*
7. Q: What happens if the business sells or transfers Specialized Equipment that was related to the issuance of tax credits?
- A: *If the sale/transfer occurs within 3 years from the date the business received the tax credits, they must repay the credits unless the business replaced the Specialized Equipment with the same or more amount.*
8. Q: Can a business use this program and also the Capital Tax Credit and the Individual Training Account for the same project?
- A: *Yes, there are no restrictions on these programs. However, the Rebuilding Communities tax credits cannot be used in the same tax period as Enterprise Zone, Business Facility, or Brownfield tax credits.*
9. Q: If the business ceases operations and the assets are sold, is repayment of 40% Specialized Equipment tax credits required?
- A: *If the business ceased operations within a period of 3 years from the date the credits were issued, then repayment would be required on 40% of any amount of the sale proceeds of the Specialized Equipment that was remaining after paying all secured and unsecured creditors, not including owners.*
10. Q: If the business ceases operations but the assets are not sold, is repayment required on the 40% Specialized Equipment tax credits?
- A: *As long as the business does not relocate the assets out of the facility or sells the assets, no repayment would be required unless fraud or other illegal action resulted in the wrongful issuance of tax credits.*
11. Q: At some point during the Eligibility Period, if the business is no longer eligible (due to a change in the type of business or not meeting the 75% rule), does the business have to repay tax credits previously received?
- A: *No. Repayment is required only if the business committed fraud or relocates the Specialized Equipment out of the Project Facility prior to the 3 year period.*
12. Q: Company A, which is not in a Distressed Area, purchases the assets of Company B (which is located in a Distressed Area), and plans to re-open operations. Company B has been closed for more than 1 month. Could company B obtain tax credits for the purchase of the specialized equipment of Company A?
- A: *At least 75% of Company A's employees would have to relocate to a facility located in a Distressed Area (not necessarily to the same facility) and it is otherwise an Eligible Project. In addition, there would need to be an objective method to determine the value of the Specialized Equipment if the purchase included other assets.*

13. Q: A new start-up, Company A, wants to purchase the assets and building of Company B (located in a Distressed Area), which has been closed for more than one month. Can Company A obtain the 40% tax credits for the purchase of Specialized Equipment from Company B?

A: Yes, as long as none of the owners of Company A were owners of Company B. In addition, there would need to be an objective method to determine the value of the Specialized Equipment if the purchase included other assets.

EXHIBIT A

DISTRESSED AREAS

The first four columns include cities that the entire city is a "Distressed Area". The last column includes cities and counties where only specified block groups are eligible. (Check DED's web site for a list of the specified block groups, and a web site that specifies the block group number based on the street address of the project.

Entire city is Eligible				Block groups
Alton	Florida	Lucerne	Qulin	Maryville
Amity	Ford City	Ludlow	Randolph	Kirksville
Arbyrd	Fortescue	Maitland	Reeds	St. Joseph
Ashburn	Gainesville	Malden	Rich Hill	Excelsior Springs
Ava	Galena	Mansfield	Ritchey	Kansas City
Avilla	Galt	Maplewood	Rockville	Independence
Baring	Gentry	Marble Hill	Rosendale	Columbia
Big Lake	Glenallen	Marquand	Rutledge	Lee's Summit
Birch Tree	Graham	Marston	Salem	St. Charles
Blairstown	Grandin	Mayview	Schell City	Ferguson
Blythedale	Grant City	McFall	Senath	Warrensburg
Bolckow	Green City	Meadville	Sheridan	Jennings
Bredenridge	Greentop	Mercer	South Gorin	St. Ann
Brimson	Greenville	Metz	South Greenfield	Breckenridge Hills
Brownington	Gunn City	Milford	South Lineville	St. John
Buffalo	Halfway	Mill Spring	Spickard	Overland
Bunker	Hardin	Miller	St. Louis City	University City
Burgess	Harris	Milo	Steele	Harrisonville
Cabool	Harrisburg	Mindenmines	Stotts City	Jefferson City
Cainsville	Hartville	Mineral Point	Stoutsville	St. Clair
Campbell	Hartwell	Morley	Stover	Sullivan
Canalou	Harwood	Morrisville	Summersville	Rolla
Cardwell	Hayti	Mosby	Sumner	Lebanon
Caruthersville	Hayti Heights	Mount Moriah	Syracuse	Cape Girardeau
Catron	Haywood City	Mountain Grove	Tallapoosa	Springfield
Centerview	Henrietta	Mountain View	Thayer	Joplin
Chilhowee	Hillsdale	Naylor	The Landing	Charleston
Clarksburg	Hoberg	Neck City	Theodosia	Sikeston
Clarkton	Homestown	Neelyville	Triplett	Dexter
Climax Springs	Hornersville	Nelson	Truxton	Poplar Bluff
Clyde	Howardville	New Hampton	Twin Bridges	West Plains
Cobalt City	Humansville	Newburg	Unionville	Kennett
Collins	Hume	Newtown	Urbana	Butler County
Corning	Humphreys	North Kansas City	Van Buren	Ripley County
Cowgill	Latan	North Lilbourn	Vanduser	Carter County
Cross Timbers	Iron Mountain Lake	North Wardell	Vista	Oregon County
Dalton	Jamesport	Norwood	Waco	Shannon County
Darlington	Junction City	Novinger	Wardell	
De Soto	Kinloch	Osceola	Waverly	
Deepwater	Knox City	Osgood	Wayland	
Des Arc	Koshkonong	Pagedale	Weaubleau	
Doniphan	La Belle	Parma	Wellston	
Dover	La Russell	Parnell	Wheatland	
Downing	Laclede	Pascola	Whiteside	
Dudley	Lanagan	Passaic	Williamsville	
East Prairie	Laredo	Paynesville	Willow Springs	
Ellington	Leadington	Phelps City	Wilson City	
Ellsinore	Leasburg	Phillipsburg	Winona	
Elmer	Lexington	Piedmont	Worth	
Elmira	Licking	Pine Lawn	Worthington	
Eminence	Lithium	Portage Des Sioux	Wyaconda	
Eugene	Lock Springs	Powersville	Zalma	
Fair Play	Louisburg	Puxico		
Fairview	Lowry City	Quitman		

EXHIBIT B



PRE-APPLICATION
REBUILDING COMMUNITIES TAX CREDIT
NEW OR RELOCATING BUSINESSES

Note: This form must be received by the Department of Economic Development **prior to** both the Commencement of Operations at the Project Facility and incurring the costs of Specialized Equipment (if applicable) in order to retain eligibility for the tax credits. A separate Pre-Application form is available for an Existing Business. Tax credits will be reserved on a first-come basis for Eligible Projects in the order of DED's receipt of the Pre-Application. Commencement of Operations must occur within **one year** of DED's receipt of this Pre-Application, or a new Pre-Application must be submitted. The business must meet the 75% test prior to the submission of the Application (Exhibit C or D) to request a specific amount of tax credits. See the Guidelines for more detail.

1. Name of Business: _____ Federal ID: _____

2. Type (circle): C Corp; S Corp; LLC, Sole Proprietor; Partnership

3. Current Address of Headquarters: _____

4. City, State, Zip Code: _____

5. Contact Person: _____ Title: _____

6. Telephone of Contact: _____ Fax: _____ E-mail: _____

7. Current FTE employees (at the end of the prior month) - Business:

(a) Number of current Full-time employees (35 or more hours per week): _____

(b) Total hours in the prior month of all part-time or seasonal employees: _____ divided by (8 x the number of working days that month _____) = _____ FTE

(c) Total Full-time and FTE part-time (a + b): _____ (*must be less than 100 FTE to qualify).

8. Location of Project Facility: (Must be in Distressed Area. If the location changes, a new Pre-Application must be submitted.)

Street Address: _____

City: _____, MO (Zip): _____

Census Tract _____ Block Group _____ (Complete this only if the Project Facility will be in a Distressed Area where the **entire** city does not qualify. See Exhibit A to determine Distressed Areas.)

9. Type of Eligible Business: _____ New Business; _____ Relocating Business.

If Relocating Business, indicate address, city and state of current business operations that will be relocated:

_____.

10. Primary product or service proposed at the Project Facility:

(a) NAICS Code, if known: _____

(b) Primary products or services: _____

(c) Will the product/service listed in (b) exceed 50% of the sales of all products/services sold at the Project Facility? ____ Yes ____ No (* If no, the project may not be eligible. See the guidelines for more detail.)

11. Choice of 40% tax credits: (Note: The business may not change the choice of the 40% tax credits during the Eligibility Period.)

(a) ____ 40% Income Credit. (Maximum \$125,000/year for 3 tax years, starting the tax year after Commencement of Operations).

(b) ____ 40% Specialized Equipment Credit (maximum of \$75,000/year for the year of Commencement of Operations, plus the next 3 calendar years).

12. Annual Payroll anticipated at the Project Facility (This is to estimate the total amount of tax credits by all companies due to the \$10 million limit. This estimate does not preclude a request for a higher amount.)

(a) Year 1: \$_____ (First full calendar year after Commencement of Operations).

(b) Year 2: \$_____ (c) Year 3: \$_____

13. Estimated date of Commencement of Operations at the Project Facility: _____ (Note: Commencement of Operations must occur within **one year** of the receipt of the Pre-Application, or a new Pre-Application must be submitted.)

14. Certification of Business: Under penalties of perjury, I hereby state that the information contained in this Pre-Application is true and correct and that I am a qualified representative of the business herein named and in that capacity can bind that business. I will allow the Missouri Department of Economic Development to confirm the amount of Specialized Equipment purchased in the prior two calendar years by allowing the appropriate County officials to release assessment information on the business to the Department, or provide other documentation requested by the Department.

_____ (Signature) _____ (typed or printed name)

_____ (title, typed/printed) _____ (date submitted)

NOTARY:

Claiming the Tax Credits: If the business has chosen the 40% Specialized Equipment tax credit, they must submit Exhibit C Application prior to **November 30** each year of the Eligibility Period. If the business has chosen the 40% Income Credit, they must submit Exhibit D Application **within 30 days** after the filing of their state income tax forms. The business may submit Exhibit E Application for the 1.5% Employee Credit, which must be filed prior to **March 1** the year after each year of the Eligibility Period.

First Come Issuance: In the event that the amount of credits requested exceed the \$10 million annual limit, the tax credits will be reserved based on the date Pre-Application are received by DED. If this request is not within the first \$10 million that has submitted a Pre-Application, you will receive a "standby" notice. This means that your project will receive tax credits only if any are remaining from the first \$10 that submitted a Pre-Application.

Pre-Application Submission: Missouri Department of Economic Development, Incentives Section, P.O. Box 118, Jefferson City, MO 65102; or fax at 573-751-7384; or e-mail at dedfin@mail.state.mo.us. Fax or e-mailed forms must be followed up within **10** working days with a signed original form.



40% SPECIALIZED EQUIPMENT TAX CREDIT APPLICATION

REBUILDING COMMUNITIES TAX CREDIT NEW OR RELOCATING BUSINESSES

Note: This form must be submitted prior to **November 30** each year of the four-year Eligibility Period. The business must maintain the 75% test prior to the submission of this Application. See the Guidelines for more detail.

1. Name of Business: _____ Facility Federal ID: _____
2. Type (circle): C Corp; S Corp; LLC, Sole Proprietor; Partnership. (If LLC, S Corp, or Partnership, attach the names of each owner, social security number (or federal tax ID number if a corporation), address, and their respective percentage of ownership. Unless otherwise instructed, the tax credits will be issued pro-rata to the ownership percentage.)
3. Current Address of Headquarters of Business: _____
4. City, State, Zip Code of Business: _____
5. Contact Person: _____ Title: _____
6. Telephone of Contact: _____ Fax: _____ E-mail: _____
7. Is the location of the Project Facility the same as specified in the Pre-Application? __Yes; __ No. If no, a new Pre-Application must be submitted.
8. Is the primary NAICS code the same as specified in the Pre-Application? __Yes; __ No. If no, specify the new NAICS code: _____
9. Employees of the Business at the Project Facility **at the end of the prior month**:
 - (a) Number of current Full-time employees at the Project Facility (35 or more hours per week): _____
 - (b) Total hours - part-time or seasonal employees: _____ divided by 40 hours = _____ FTE
 - (c) Total Full-time and FTE part-time at the Project Facility: _____ (*must be less than 100 FTE to qualify).
 - (d) Total FTE employees (at the end of the prior month) at **other facilities** for the Business: _____

- (e) Percentage of Project Facility Employees: (d/c) = _____% (Must be at least 75%) **Note:** The business must have met the 75% test within one year of Commencement of Operations, and must maintain the 75% test for each year that tax credits are requested in the Eligibility Period.)

10. Date of Commencement of Operations at the Project Facility: _____ (Note: Commencement of Operations must have occurred within one year of the receipt of the Pre-Application. If not, a new Pre-Application must be submitted.)

11. 40% Specialized Equipment Tax Credit Request::

- (a) Earliest date costs were incurred for any of the Specialized Equipment in this request: _____
(Must be after DED's receipt of the Pre-Application.)
- (b) Amount of Specialized Equipment* purchased this calendar year: \$_____ (*Attach a copy of the invoices/bills of each item, along with a copy of the check that verifies payment.)
- (c) Amount of carryover from prior Eligibility Periods that exceeded annual limit of tax credits: \$_____ (Must be the same amount as item 12f of the prior year's Exhibit C Application.)
- (d) Total of 11b and 11c: \$_____
- (e) Amount in 11d times 40% = \$_____ in Tax Credits requested for Specialized Equipment.
(Maximum of \$75,000 per calendar year for the 40% Specialized Equipment tax credits.)
- (f) Amount in #11d that exceeds \$187,500 (will be carried to next year's tax credit request): \$_____

Certification of Business: Under penalties of perjury, I hereby state that the information contained in this Pre-Application is true and correct and that I am a qualified representative of the business herein named and in that capacity can bind that business. I will allow the Missouri Department of Economic Development to confirm the amount of Specialized Equipment purchased in the prior two calendar years by allowing the appropriate County officials to release assessment information on the business to the Department, or provide other documentation requested by the Department.

_____ (Signature) _____ (typed or printed name)
_____ (title, typed/printed) _____ (date submitted)

NOTARY:

Application Submission: The business must submit Exhibit C Application for the 40% Specialized Equipment credit prior to **November 30** each year of the Eligibility Period. If desired, the business may submit Exhibit E to request the 1.5% Employee Credit prior to **March 1** each year of the 3-year eligibility period.

Submit to: Missouri Department of Economic Development, Incentives Section, P.O. Box 118, Jefferson City, MO 65102; or fax at 573-751-7384; or e-mail at dedfin@mail.state.mo.us. Fax or e-mailed forms must be followed up within 10 working days with a signed original form.

EXHIBIT D



40% INCOME TAX CREDIT APPLICATION

REBUILDING COMMUNITIES TAX CREDIT NEW OR RELOCATING BUSINESSES

- **Note:** This form must be submitted within **30 days** of the filing of the business's state income tax forms each year of the three-year Eligibility Period. The business must maintain the 75% test prior to the submission of this Application.
- **LLC, Partnership, S Corporation:** A separate form must be submitted for each taxpayer.

1. Name of Business: _____ Facility Federal ID: _____
2. S Corporation, Partnership, LLC, or Sole Proprietor: (* Each owner should file this form separately.)
 - Name of Owner*: _____ Social Security #: _____
 - Address: _____ City, State, Zip: _____
3. Current Address of Headquarters of Business: _____
4. City, State, Zip Code of Business: _____
5. Contact Person of Business: _____ Title: _____
6. Telephone of Contact: _____ Fax: _____ E-mail: _____
7. Is the location of the Project Facility the same as specified in the Pre-Application? __ Yes; __ No. *If no, a new Pre-Application must be submitted. This may affect the eligibility of tax credits.*
8. Is the current NAICS code of the Business the same as specified in the Pre-Application? __ Yes; __ No.
 - If no, specify the new NAICS code: _____
9. **75% Test:** (Note: The business must have met the 75% test within one year of Commencement of Operations.)
 - (a) Indicate the number of FTE employees at the Project Facility as of this date: _____
 - (b) Indicate the total number of FTE employees at all locations of the business: _____

(c) Percentage of Project Facility FTE employees: _____ % (This must exceed 75%, or the Application may not be submitted.)

10. Date of Commencement of Operations at the Project Facility: _____ (Note: Commencement of Operations must have occurred within one year of the receipt of the Pre-Application. If not, a new Pre-Application must be submitted. The Eligibility Period for this tax credit is the three tax years after the tax year of Commencement of Operations.)

11. **Income Tax Credit Request:** Tax Year ending: _____ which is the _____ (1st, 2nd, 3rd) year of the Eligibility Period for the 40% Income Tax Credits. (The first year of the Eligibility Period begins the calendar year after the Commencement of Operations.)

(a) Amount of Missouri income tax liability (for the Business this Tax Year): \$_____ (This must be the same as on Form MO-1120, line 15; or Form MO-1040, 36.) C Corporations should attach a copy of their Form MO-1120 and sole proprietors should attach a copy of Form MO-1040. **Each** taxpayer in a S Corporation, Partnership, or LLC should also submit a copy of the applicable tax forms, plus a copy of the appropriate tax form for the company; either MO-1065 (Partnership); MO-1120S(S Corporation).

(b) **Tax Credit:** Amount in (a) times 40%: \$_____ (Maximum of \$125,000).

12. Certification of Business:

Under penalties of perjury, I hereby state that the information contained in this Application is true and correct and that I am a qualified representative of the business herein named. I also will allow the Missouri Department of Economic Development to confirm the amount of Specialized Equipment purchased, including allowing the appropriate County officials to release assessment information on the business to the Department, or provide other documentation requested by the Department.

_____ (Signature) _____ (typed or printed name)

_____ (title, typed/printed) _____ (date submitted)

NOTARY:

Application Submission: This form must be submitted within **30 days** of the filing of the business's state income tax forms each year of the three-year Eligibility Period. The business must maintain the 75% test prior to the submission of this Application. Submit to: Missouri Department of Economic Development, Incentives Section, P.O. Box 118, Jefferson City, MO 65102; or fax at 573-751-7384; or e-mail at dedfin@mail.state.mo.us. Fax or e-mailed forms must be followed up within 10 working days with a signed original form.



1.5% EMPLOYEE TAX CREDIT APPLICATION

REBUILDING COMMUNITIES TAX CREDIT NEW OR RELOCATING BUSINESSES

Note: This form must be submitted prior to March 1 after each calendar year of the three-year Eligibility Period. The business must maintain the 75% test prior to the submission of this Application. In order to qualify for this tax credit, the business must request and be approved for one of the 40% tax credits. See the Guidelines for more detail. The 1.5% tax credits will be issued to each employee.

1. Name of Business: _____ Facility Federal ID: _____
2. Current Address of Headquarters: _____
3. City, State, Zip Code: _____
4. Contact Person: _____ Title: _____
5. Telephone of Contact: _____ Fax: _____ E-mail: _____
6. Is the location of the Project Facility the same as specified in the Pre-Application? ☐ Yes; ☐ No. *If no, a new Pre-Application must be submitted.*
7. Is the primary NAICS code the same as specified in the Pre-Application? ☐ Yes; ☐ No.
 - If no, specify the new NAICS code: _____
8. **Employee 1.5% Tax Credit Request:**
 - (a) Calendar Year of Payroll: _____ which is the _____ (1st, 2nd, 3rd) year of the Eligibility Period for the 1.5% Employee Tax Credits. *(The first year of the Eligibility Period begins the calendar year after the Commencement of Operations.)*
 - (b) Total payroll at the Project Facility for Qualified Employees in this calendar year: \$_____ (as reported on W-2 forms, line x.)
 - (c) Amount in 13a times 1.5% = \$_____

Note: Provide a copy of the W-2 forms for all Qualified Employees. This listing must also indicate the employee's name, address, and social security number. The tax credits will be sent to each employee separately.

13. Projected number of FTE Employees at full employment (within 4 years from commencement of operation): (Note: This is for informational purposes only, and is not used for the calculation of tax credits.)

Position Title:	Projected # FTE Employees at full employment	Starting Wages
_____	_____	\$ _____
_____	_____	\$ _____
_____	_____	\$ _____
_____	_____	\$ _____
_____	_____	\$ _____
_____	_____	\$ _____

14. Certification of Business:

Under penalties of perjury, I hereby state that the information contained in this Application is true and correct and that I am a qualified representative of the business herein named. I also agree that the information stated herein can be verified by the Missouri Department of Economic Development.

_____ (Signature) _____ (typed or printed name)

_____ (title, typed/printed) _____ (date submitted)

NOTARY:

Application Submission: The business must submit this form prior to **March 1** after each calendar year of the three-year Eligibility Period. The business must maintain the 75% test prior to the submission of this Application. Submit to: Missouri Department of Economic Development, Incentives Section, P.O. Box 118, Jefferson City, MO 65102; or fax at 573-751-7384; or e-mail at dedfin@mail.state.mo.us. Fax or e-mailed forms must be followed up within 10 working days with a signed original form.